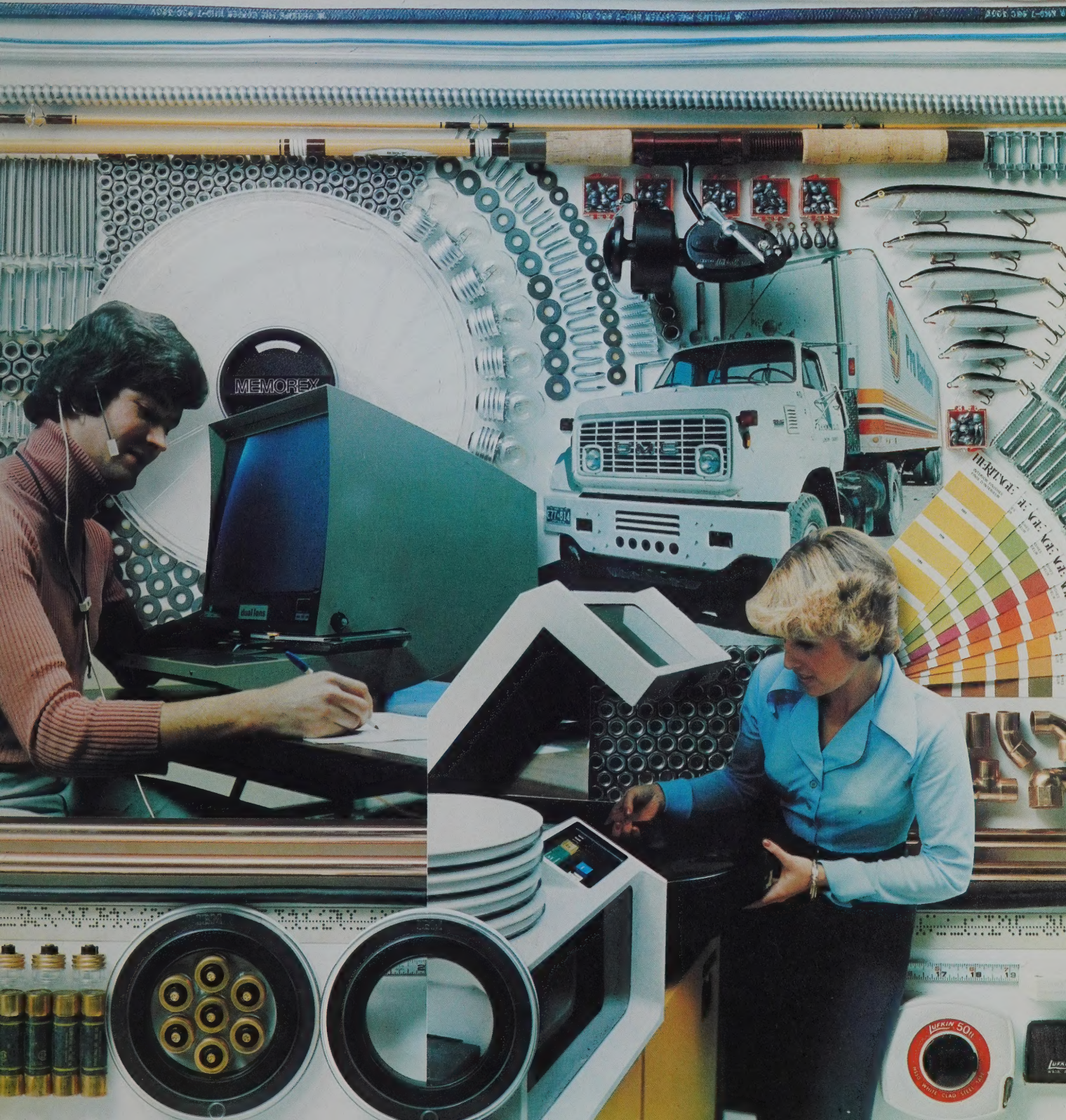


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D.H. Howden & Co. Limited

file
**Nineteen seventy four
Report to shareholders**





Nineteen seventy four Report to shareholders

The Concept of the Corporation

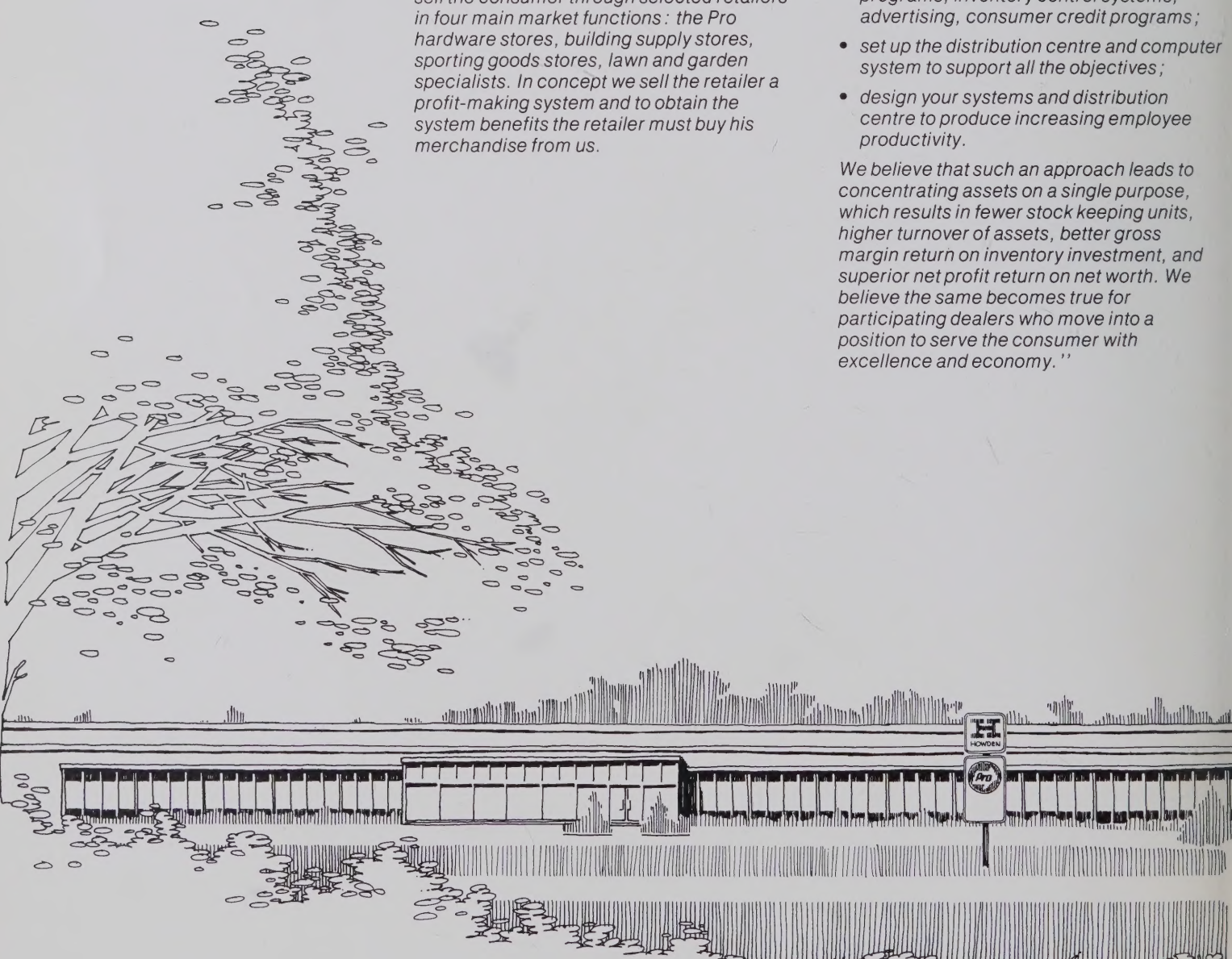
From remarks by D.H.M. Stewart in an address to members of the National Wholesale Hardware Association October 23, 1974 at the tour of the Southdale Road operation.

"Howden tries to be totally consumer and retailer oriented. We view our business mission to be the hardware purchasing agent for the consumer in Eastern Canada and to sell the consumer through selected retailers in four main market functions: the Pro hardware stores, building supply stores, sporting goods stores, lawn and garden specialists. In concept we sell the retailer a profit-making system and to obtain the system benefits the retailer must buy his merchandise from us.

When you decide the consumer is your real customer and act on this belief, you then are compelled to:

- *develop model or basic stocks for each market function;*
- *modernize or merchandise retail outlets to properly present the model stock to the consumer;*
- *prepare a profit-making system for your retailer, which includes low cost ordering programs, inventory control systems, advertising, consumer credit programs;*
- *set up the distribution centre and computer system to support all the objectives;*
- *design your systems and distribution centre to produce increasing employee productivity.*

We believe that such an approach leads to concentrating assets on a single purpose, which results in fewer stock keeping units, higher turnover of assets, better gross margin return on inventory investment, and superior net profit return on net worth. We believe the same becomes true for participating dealers who move into a position to serve the consumer with excellence and economy."





D.H. HOWDEN & CO. LIMITED

NOTICE OF ANNUAL MEETING OF COMMON SHAREHOLDERS

Notice is hereby given that The Annual Meeting of the Common Shareholders of D.H. Howden & Co. Limited (hereinafter called the "Corporation") will be held in the Campaign Room, Holiday Inn, 299 King St., London, Ontario on Tuesday, the 14th day of May, 1974 at the hour of 11:30 o'clock in the forenoon, local time, for the following purposes:

1. To receive the Annual Report of the Directors to the Shareholders and the Financial Statements for the year ended December 31, 1973;
2. To elect Directors;
3. To appoint Auditors and to authorize the Directors to fix their remuneration;
4. To transact such other and further business as may properly come before this meeting.

A copy of the Annual Report and an Information Circular accompany this notice.

It is desirable that as many shareholders as possible be represented at the meeting. If you do not expect to attend, and would like your shares represented, kindly sign and return the form of proxy accompanying this notice in the envelope provided for that purpose.

DATED at London, Ontario the 10th day of April, 1974.

By Order of the Board.

Norman McBeth,
Secretary-Treasurer.



D.H. HOWDEN & CO. LIMITED
INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of D.H. Howden & Co. Limited (hereinafter referred to as the "Corporation") of proxies to be used at the Annual Meeting of the Shareholders of the Corporation to be held at the time and place set forth in the enclosed notice of meeting. It is expected that solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of solicitation by management will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO BY EITHER INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED PROXY TO THE SECRETARY-TREASURER OF THE CORPORATION.**

A shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and delivering it to the Secretary-Treasurer of the Corporation, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Secretary-Treasurer of the Corporation or the Chairman of the meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of the printing of this circular, the Management of the Corporation knows of no such amendment, variation or other matter to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

On the 10th day of April, 1974, there were outstanding 500,000 common shares without nominal or par value, each carrying the right to one vote per share. Dajo Holdings Limited owns beneficially and of record 195,000 common shares of the Corporation, representing 39% of the outstanding common shares, and is the only shareholder known to the directors and senior officers to own beneficially, directly or indirectly, more than 10% of the outstanding common shares of the Corporation.

D.H.M. Stewart owns more than fifty per cent of the outstanding voting shares of Dajo Holdings Limited, and applicable securities legislation deems him to be the beneficial owner of the common shares of the Corporation owned by Dajo Holdings Limited.

ELECTION OF DIRECTORS

The Board consists of seven directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table and the notes thereto state the names of all the persons proposed to be nominated for election as directors, all of the positions and offices with the Corporation now held by them, their principal occupations or employments, the year in which they became directors of the Corporation, and the approximate number of shares of each class of the Corporation beneficially owned directly or indirectly by each of them as at April 10, 1974.

	Became Director	Approximate Number of Common Shares
DAVID HOWDEN McFARLANE STEWART, President and Chief Executive Officer of the Corporation since 1969; formerly Vice-President and Managing Director	1951	211,640
NORMAN McBETH, Vice-President - Finance, and Secretary-Treasurer of the Corporation	1952	7,047
DONALD RAYMOND HUGHES, President of Span-Canada Electric Limited, a subsidiary of the Corporation	1961	4,430
ROY WATT ROBERTSON, Executive, Formerly Vice-President Isard, Robertson, Easson Co. Limited, Investment Dealers	1955	1,600
JOHN WILLIAM ADAMS, F.C.A., Executive Vice-President and Treasurer, Emco Limited, Manufacturers	1964	5*
JOHN DAVID HARRISON, M.B.E., Q.C., Barrister and Solicitor, Partner, Harrison, Elwood, Barristers and Solicitors	1969	900
JOSEPH HAROLD UNGER, Retired since 1965; formerly President, Metropolitan Stores of Canada Limited, Retailers	1971	200

* Kathleen L. Adams, wife of Mr. Adams, is a director and beneficial owner of all of the shares of Burke Holdings Limited, which owns of record and beneficially 3,900 common shares of the Corporation.

The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors individually. Unless otherwise stated above, each of the above-named persons has held his respective principal occupation or employment indicated for at least five years.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

1. Aggregate direct remuneration paid or payable in 1973 to the Directors and Senior Officers of the Corporation was:

By the Corporation	\$220,400
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By the subsidiaries of the Corporation whose financial statements are not consolidated with those of the Corporation	\$ 28,000
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2. Estimated aggregate cost to the Corporation and its subsidiaries during 1973 of all pensions or retirement benefits proposed to be paid to the Directors and Senior Officers of the Corporation under existing plans in the event of retirement at normal retirement age: \$ 6,380

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Touche, Ross & Co., Chartered Accountants, 200 Queens Avenue, London, Ontario as auditors of the Corporation to hold office until the next Annual Meeting of Shareholders. Messrs. Touche, Ross & Co. have been auditors of the Corporation for more than five years.

GENERAL

The information contained herein is given as of April 10, 1974. The Management knows of no other matters to come before the Annual Meeting of the Shareholders other than the matters referred to in the notice of meeting.

Highlights

	1974	1973
Gross Sales - increase 32%	\$42,766,017	\$32,476,731
Net income	781,995	636,869
Per Common share	1.44	1.23
Inventories	5,949,297	3,780,499
Working Capital	6,959,009	4,142,126
Ratio of current assets to current liabilities	2.26:1	1.83:1
Shareholders' equity per Common share	\$ 7.79	\$ 6.61

Annual Meeting

The Annual Meeting of the Shareholders of the Company will be held in the Campaign Room, Holiday Inn, 299 King Street, London, Ontario on Thursday, the 24th day of April, 1975 at the hour of 11:30 a.m.

Head Office

635 Southdale Road
London, Ontario

Associated Company

COMPUTER HORIZONS (CANADA)
LIMITED
President - S.R. Millar

Auditors

TOUCHE ROSS & CO.

Listing of Common Stock

TORONTO STOCK EXCHANGE

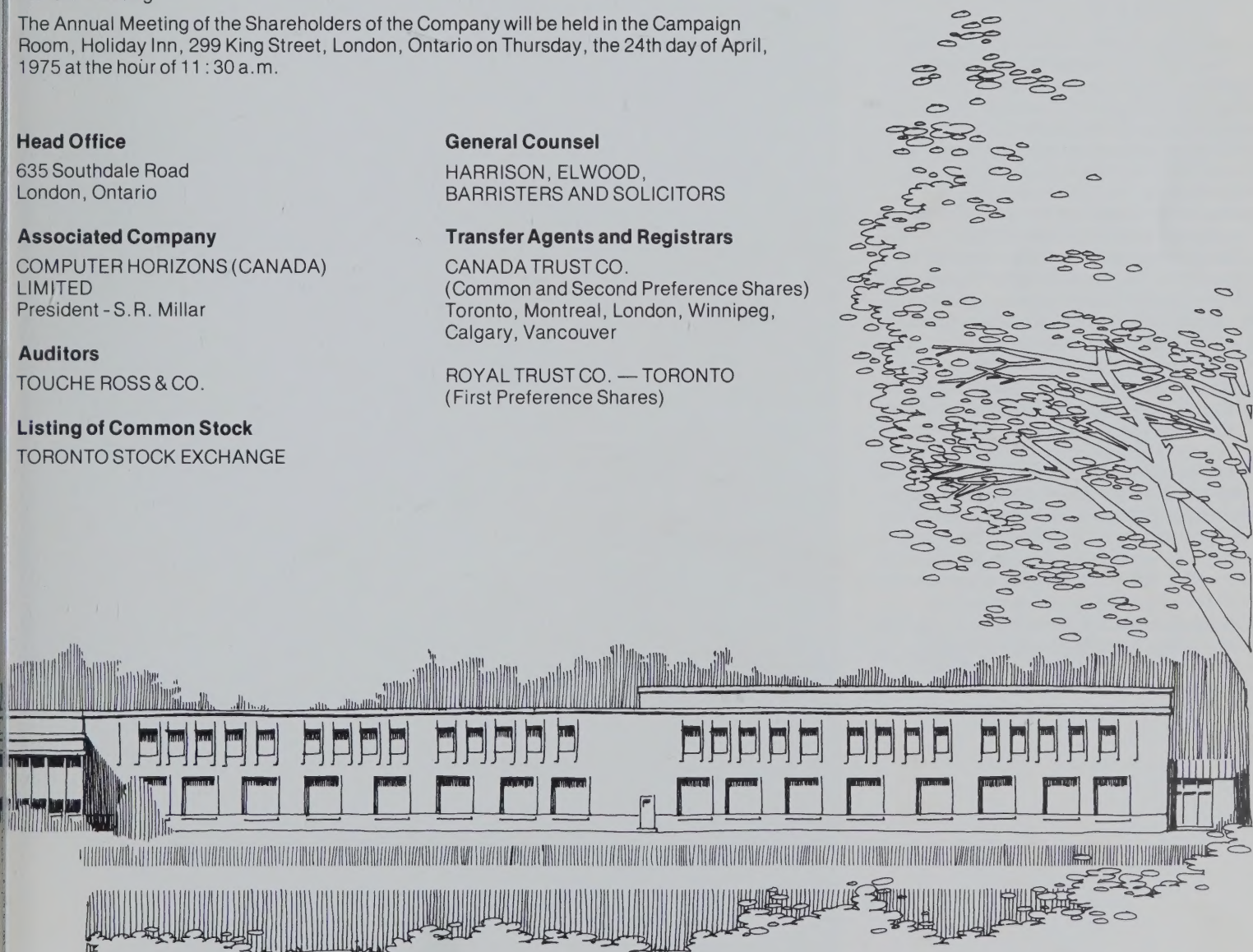
General Counsel

HARRISON, ELWOOD,
BARRISTERS AND SOLICITORS

Transfer Agents and Registrars

CANADA TRUST CO.
(Common and Second Preference Shares)
Toronto, Montreal, London, Winnipeg,
Calgary, Vancouver

ROYAL TRUST CO. — TORONTO
(First Preference Shares)



To our shareholders:

It is of special pleasure to report another record year of sales and earnings in 1974. Sales rose 32% to \$42,766,000, which gave rise to net earnings of \$781,995, a 25% increase over 1973. Net profit return in 1974 on Shareholders' Equity is 20.5%.

In reporting earnings, it should be noted that the surtax on corporate earnings imposed by the recent Federal budget reduced previously reported earnings by approximately 10c per share. Also new to 1974 is the cost of the employee profit-sharing program which was equivalent to a further 5c per share.

Company sales come from four main areas: the Hardware Division which supplies and maintains the Pro Hardware chain of franchised retail stores in Ontario; the Building Supply Division which not only supplies hardware to building materials dealers in Eastern Canada, but also is responsible for the Pro franchise in the Maritime Provinces; the Electrical Supply Division which distributes electrical construction material to the construction trade, and to industry in Western Ontario; the Sporting Goods Division which specializes in the supply of hunting and fishing equipment to sporting goods stores and to national chains. During 1974 all four divisions achieved substantial sales advances, highlighted by the addition of 41 new stores to the Pro franchise program.

In May we completed a 30,000 sq. ft. addition to our London warehouse, and then began a total rearrangement of merchandise within the distribution centre. Built into the new facility is a modern high order picking section where 1200 fast moving items, which are sold in case quantities, are selected for orders using automated methods. A drag line system with a network of automatic spurs was also installed throughout the whole warehouse so that both incoming and outgoing merchandise will automatically

reach desired locations. The system has greatly speeded the flow of merchandise and has made it possible to maintain tight shipping schedules in the face of expanding sales. Cost of the warehouse rearrangement is estimated to be in the order of 10c per share.

To accommodate further anticipated expansion, after due process in securing Ontario Municipal Board approval for rezoning of our properties to light industry, we began construction of a 50,000 sq. ft. warehouse addition on 2-1/2 acres adjacent to our western limits. The new building, to be completed by April 30th, 1975, has 25 ft. ceilings and is used for promotional and seasonal merchandise, and for expanded shipping areas. With this additional space we now have a total of 250,000 sq. ft. of distribution facility.

These extensive warehouse rearrangements, and supply problems with key vendors, unfortunately caused a fall in service level to our retailers during the year. We wish to thank our customers for their understanding and support during this period. We also thank our warehousing staff for their contribution in surmounting the enormous problems which warehousing changes created, all concurrent with the shipping of record sales volumes. With the changes completed by mid October, improvement became evident and from that date we have been concentrating on improving service levels and customer service generally. Herein lies one of our main objectives in 1975.

During September and October we changed from an IBM 360-25 to an IBM 370-115, to handle the expanding needs of hardware distribution. As with any change of this nature we had problems, but by dint of long hours and hard work on the part of our staff, the new system has improved substantially. It is expected to yield greater speed and capacity to the growing business at a lower cost.

Although some people view economic possibilities for 1975 pessimistically, our 1975 budgets call for continued growth not only through existing customers but from new stores and new accounts as they join our systems. Also it should be remembered that our product line tends to be less exposed to the downs of the business cycle, since we concentrate in the main on sale of expendable products, "do-it-yourself" merchandise, and materials for home improvement. These are articles, whose purchase the consumer finds difficult to postpone when the need arises. The improved supply situation with manufacturers will also encourage sales increases by reason of more complete inventories.

We will again concentrate on improving the turnover of assets, which the warehousing changes and supply problems tended to affect adversely during 1974. We will also continue to focus on higher employee productivity, making economic use of expanded warehouse facilities and more automated order filling. These two elements - high turnover of assets and excellence of employee productivity - are the major factors which create our profit return to net worth.

During the year we consolidated some of our debt financing through the sale of a \$2,000,000 debenture. This will provide the financial base for further growth in 1975.

Over past years Howden has been able to attract and retain good customers because the Company consistently offers a program of quality merchandise on a low cost basis, and at the same time it provides its dealer customer with the merchandising tools to do his marketing job. The Howden program thus recognizes changing marketing requirements in increasingly competitive times, and will continue to do so.

We are also pleased to report that Computer Horizons (Canada) Limited, our joint venture

D.H.M. Stewart, President and Chairman of the Board.



with Management Horizons Data Systems Inc. of Columbus, Ohio, recorded its first annual profit in 1974. This joint venture company, operative since 1970, sells data processing systems to distributors. The processing itself is done in Columbus, from data transmitted over a dedicated data line from a terminal in the subscriber's premises. The advancement and improvements to MHDS systems made throughout the year have been very impressive, and this has given new strength and sales appeal in the Canadian market. Through MHDS it is now increasingly practical, and on a low cost basis, to control the activities of branch operations — a welcome step forward for distributors in that area of much needed business control. As a consequence several major Canadian companies will be joining the system in 1975. Howden's Electrical Supply Division successfully entered the MHDS system January 2nd.

In reporting the good results and progress of 1974, on behalf of the Board of Directors, I express appreciation and thanks to our staff for moving the Company ahead, and to our customers for their support and understanding during a period of difficulty largely created by our move to a higher operating plateau. We thank too our suppliers who in the face of material shortages did their best to meet our increasing demands for their products. We are grateful to our Shareholders for their support and we are pleased on their behalf that in 1974 we have begun to pay semi-annual dividends on their investment, at an annual rate of 20c per share.

On behalf of the Board,

David H. Stewart

D. H. M. Stewart
President and Chairman of the Board

Operations review

"Pro" and the Howden Hardware Dealer Division

SOME HISTORY

By 1964 competitive pressures had become exceedingly acute for traditional hardware wholesalers. To counter these forces, Howden organized and became a shareholder of Pro Hardware (Canada) Limited. Seven other distributors were invited to become shareholder members, and did so, each representing one of the major trading areas across Canada. Procan, as it is now called, thus came into being.

The function of Procan is twofold: first, to concentrate the purchasing power of its distributors on key suppliers for better purchasing terms; second, to establish a retail store franchise system and program across Canada. Each shareholder member therefore orders his inventory requirements from Procan, who in turn places bulk orders on suppliers for direct shipment. Each shareholder distributor at the same time undertakes to develop the Pro retail stores program for his franchised area. This program includes national identification, store modernization, inventory control, model stocks, consumer advertising, financial systems - all aspects needed for better consumer shopping and for profitable retailing.

The Pro concept has proved successful for both franchised retailers and shareholder distributors, and has resulted in lower prices and better service to the consumer.

THE PRESENT

The Hardware Dealer Division of Howden has the responsibility of developing and servicing the Pro franchise in Ontario, and for the content of the Pro program in Howden's franchised areas. Howden now has over 270 stores in its Pro program. Each year the quality of franchised stores improves as to

sales volume, inventory selection, competitive pricing, store engineering and operating efficiency.

In all of Canada, well over 500 franchisees are in full operation. The total retail sales value of merchandise moved through the cross-Canada Pro chain is estimated at well in excess of \$100,000,000.

Procan plays a key role in the creation of consumer advertising for all its franchisees. In this way, Pro stores are making themselves known to the public to an increasing degree. All stores engage in four major (and several minor) sales events each year, each planned and produced by Procan. By means of his franchise, the dealer can purchase the consumer catalogues and professional advertising involved, at a price quite unattainable through individual effort. This aggressive advertising effort is essentially possible because each Pro store across Canada carries the Pro model stock.

For Howden and its franchisees this advertising opportunity has achieved excellent results. In 1974 Howden's Pro dealers distributed to their customers and potential customers over 1,000,000 promotional catalogues per sale, describing hundreds of items all available at their stores. As a dynamic merchandising tool, this program now accounts for about 30% of the Hardware Division's sales; and the market is still far from its saturation point.

THE FUTURE

Competition amongst different retailing organizations selling hardware is naturally very keen. But growing sales and consumer support will accrue to those dealers who can excite the market with promotions, who can supply quality items at advantageous prices, who can provide superior service levels. Howden is committed to the creation, maintenance and servicing of such dealers, for mutual profitability and to the benefit of

the consumer. The growth potential of the Division is fundamentally tied to the additions and expansion of such stores within the Pro system.

Sporting Goods Division

SOME HISTORY

Over the years, sporting goods such as hunting and shooting equipment, fishing and camping requirements, team sports supplies, have been distributed to hardware and sporting goods stores as part of the normal function of the Hardware Division. During the last fifteen years, however, demand for this type of product has mushroomed. To better serve this expanding need, Howden specialized its Sporting Goods staff to the extent that it is an independent sales division within the Hardware framework. It is organized and trained to provide more specialized selling services to specialty sporting goods outlets, and to the sporting goods departments of major chain stores. The Hardware Division continues to service the sporting goods needs of Pro stores.

THE PRESENT

The chain store is a relatively new type of account to Howden, but one which possesses major sales potential. However, the specialty sporting goods store in many areas is the basic market outlet, capable of providing high volume business. Such dealers provide the Division with its prime market.

THE FUTURE

In a major marketing tactic during 1974, Howden and four other sporting goods distributors joined forces as shareholders of Supreme Sports Limited, a sporting goods marketing company whose purpose is to develop and support a national marketing

a) Left to Right: R.C. McKerlie, Director of Merchandising.
G.V. Robinson, Sales Manager — Hardware Division, Eastern
Region. W.J. Tarvit, Vice President of Marketing — Hardware
Division. R.A. Barnett, Sales Manager — Hardware Division,
Western Region.

b) Left to Right: R.G. Rae, Manager, Pro Hardware [Canada]
Limited. D.H.M. Stewart, President, Pro Hardware [Canada]
Limited.

c) G. McLean, Director of Consumer Advertising, Pro Hardware
[Canada] Limited.



program, with particular emphasis directed towards national retail accounts. With the normal growth in retail outlets as contemplated, and with the marketing and buying assistance of Supreme Sports Limited, it is expected that 1975 will witness substantial sales expansion.

The Building Materials Industry and Howden's Building Supply Division

SOME HISTORY

During the late 1950's and 1960's lumber dealers organized their own buying groups to take advantage of better prices for carload and volume orders of building materials. Examples of such groups are Allont, A.I.D., Wiseway and Matreco. Their group purchasing activities require direct factory shipments, thus removing the need for bulk warehousing facilities, although some groups do operate pool depots to facilitate shipments between Eastern and Western Canada.

In the mid 1960's, in the face of higher cost of tradesmen, more people began to do their own building, renovation and repair work. Therefore building materials dealers moved into the sale of hardware products relating to this type of home improvement. The concept of the Home Centre had taken form.

Howden which heretofore had acted as a casual supplier of hardware to building supply dealers, recognized these changes in market behavior and the emerging need of the lumber dealer groups for access to volume purchasing of hardware from a distribution centre. Howden therefore moved to satisfy this need by creating marketing agreements with various groups, servicing their hardware requirements from its London distribution facility.

THE PRESENT

The Building Supply Division is well organized to meet these new market opportunities

which the groups present. Its specific task is to merchandise their stores and to supply their members with their consumer hardware requirements. Upwards of 300 individual lumber dealers are now being serviced in this manner.

These developments have demanded rapid growth of the Division. During 1974 sales staff was expanded and upgraded in a major way. As a result the Division experienced substantial growth in 1974, and is now geared for major increases anticipated for 1975 and 1976.

THE FUTURE

The Division's traditional market is Ontario. But since many of its new dealers are in the Maritimes, the Division has now expanded company participation beyond our original market boundaries. In addition to group dealers, a number of major retailers in the Atlantic Provinces have joined the Pro Program to enjoy the benefits of its merchandising and advertising programs. This aspect of expansion will continue. Because of the rapid growth in Home Centres in Central and Eastern Canada, our potential in this total market is extremely promising.

Howden's Electrical Supply Division and Span-Canada Electric Limited

SOME HISTORY

Following 1945 there was a tremendous increase in installation of electrical equipment in both the urban and rural areas of Western Ontario. Responding to this need, Howden organized a divisional operation, which by 1965 had assumed a position of some prominence as a distributor of electrical materials. But also in that year it became evident that the independent regional electrical distributor was becoming less than competitive with large national distributors such as Northern Electric, G.E., Westinghouse.

To improve purchasing costs, Howden took

steps to organize and become a shareholder of Span-Canada Electric Limited, which now consists of seventeen distributor shareholder-members. Like Procan, the Span members have been selected from the main regional markets across Canada. The members buy from Span to achieve better purchasing terms, and thus strengthen their competitive position with respect to the larger national market.

THE PRESENT

The Electrical Supply Division operates from 255 Horton Street in downtown London. There are also two satellite warehouses, one in Sarnia, the other in Kitchener. The Division's products are electrical construction materials, and its customers - over 1000 in number - are mainly contractors, utilities and industrial users.

The Division's complete electrical product line enables the Hardware and Building Supply Divisions to provide a broader range of electrical products to their customers, thereby strengthening the Company's merchandising offered to the retail trade

To adequately handle the rapid increases in volumes, it has been necessary to automate procedures as much as possible. The implementation of the new data processing system through MHDS which took place in January has proceeded smoothly, and opens up opportunities for improved controls particularly in the area of higher asset turnover.

THE FUTURE

Growth has been rapid and profitable over the past years and in 1974 record sales volume and profits were attained. The predicted decline in house building during 1975 might be expected to adversely affect volume, but on the other hand the Division's sales to industry and industrial construction are increasing. The ability to provide quality

a) Left to Right: B. R. Everitt, Manager — Retail Store Services.
F. P. Foran, Vice President of Marketing — Building Supply Division.

b) Left to Right: C. W. K. Leroy, Vice President of Marketing —
Electrical Supply Division. H. L. Ireland, Manager — Howden
Lite Gallery.



products at competitive prices, together with a complete inventory, encourages market growth in the very active industrial areas of Western Ontario. We are therefore forecasting continuation of sales advances during 1975, as the Division expands its outlying markets in the Sarnia and Kitchener areas.

Computer Horizons (Canada) Limited and Management Horizons Data Systems Inc.

SOME HISTORY

In 1968 Management Horizons Data Systems Inc. (MHDS) was organized in Columbus, Ohio by a group of experienced consultants to the American distribution industry. Its purpose was to raise profitability in its subscribing distribution companies through a total management information system. The emphasis was on "total". The program therefore included computerized systems for inventory management, order processing, customer invoicing, accounts receivable and payable, payroll and financial accounting. Computerization is particularly important to distribution companies not only for order processing needs, but because of the massive detail required in controlling and maintaining complex inventories and accounts receivable, both being of dominating dollar value in relation to the distributor's other assets.

MHDS also makes available to its subscribing distributors a full range of retail systems on an optional basis. These Retail Management Systems are then sold by the distributor to his retail customers.

MHDS maintains two IBM 370-168 computers in Columbus, Ohio to service its customers of whom there are now over 100 in full system use. Each subscriber controls his own system through a terminal on his premises appropriate to his size of operation. The terminal is connected to the Columbus facility by a data telephone line which

transmits data forward for processing, then back to the subscriber's in-house printer under conditions of total privacy. Each subscriber with the assistance of MH consultants selects the system to suit his operating needs.

THE PRESENT

In 1970, Howden entered into an agreement with MHDS Inc. to establish a jointly owned Ontario corporation, Computer Horizons (Canada) Limited. This company is responsible for the marketing of MHDS systems throughout all of Canada on an exclusive basis. Its clientele has grown slowly through the formative years. Currently, various distribution companies such as Howden, are operating subscribers on its systems. Company headquarters is in London, Ontario and it functions with a staff of seven EDP specialists.

THE FUTURE

Management Horizons Data Systems Inc. is now owned by the First National Capital Corporation, a subsidiary of the First National City Bank of New York. It thus has solid financial backing.

The future for MHDS is attractive because of the uniqueness of its systems. Their cost to a distributor is less than operating his own computer, furnishing comparable information. At the same time he is relieved of many of the operating and programming problems associated with in-house computers. And since cost is directly related to sales volumes, small distributors may enjoy similar cost and economy advantages as do larger subscribers. Finally, these are total systems. Heretofore only very large companies could sustain the developmental costs involved. Now these are available to smaller companies at livable costs, and ready for immediate implementation.

A vital feature, and included in the price, is an extensive education program required of all subscribers' top management teaching them how to make full use of the system. Course content covers distribution management, financial management, profit planning, classification merchandising, scientific buying and other concepts oriented towards better management performance.

Offering this complete parcel of services, the Canadian company was successful in 1974 in achieving an operating profit for the year. New subscribers have already joined the system in early 1975, ensuring a continuation of the company's earning capacity for succeeding years. Since the company is jointly owned, one-half of its net earnings are reflected in Howden's Consolidated Statement of income. Note 4 of the Company's financial statements provides details.

Other Basic Services

DEALER SERVICE DIVISION

While this Division has been operative from the outset of the Pro concept, demand for its services has expanded dramatically since 1970. Its purpose is to modernize Pro Hardware stores, to refashion Building Materials outlets into Home Centres, and to install the Company's model stock program. It now has a staff of 25 experienced merchandisers and draftsmen.

The concept of model stock deserves some explanation. From our experience we know that a range of 7,000 products provides dealers with 90% of their sales. When a model stock is installed, it is arranged within the store in a family of products for easy shopping with each item identified by a bin location ticket. Such a model stock provides broad coverage of consumer needs, and eliminates duplication of items. Since the

items sell well, a model stock installation improves a dealer's inventory turnover and profitability.

As a further function, this Division works very closely with the various building materials groups in merchandising their yards to the particular group requirements.

During 1974 the Dealer Service Division modernized numerous stores in Eastern Canada. While a fee is charged for this service, the Division does not operate at a profit nor is it designed to. Its purpose is to create more effective dealers and to train them in Company systems to the future benefit of both the dealer and Howden.

RETAIL DATA SYSTEMS

This Division sells various Howden data processing systems to retailers. Through cash register input which records transactions on a punched paper tape at the dealer's store, the Division's systems produce the dealer's inventory and management reports, and process all his accounts receivable monthly statements. Smaller systems are also available in which the dealer mails charge sheets to London where the Howden computer performs the total accounts receivable function.

A unique third system series has recently been perfected and is now available. It utilizes electronic devices produced by MSI Inc. The equipment's basic function enables dealers to transmit orders directly into our computer, thereby bypassing postal problems. Dealers record their orders digitally onto a cassette. The information on the cassette is then transmitted over the telephone system into our computer which almost simultaneously produces shipping documents and invoices related to the order. This method obviously has tremendous advantages in service for all our dealers.

a) These 3 small units connect any MHDS subscriber with the complex Data Systems in Columbus, Ohio.

Left to Right: J.C. Young, Director of Data Processing, S.R. Millar, President — Computer Horizons [Canada] Limited. H.R. Harris, Vice President of Marketing — Computer Horizons [Canada] Limited.

b) Our Financial Service Department assists dealers with their financial planning.

Left to Right: F.D. McKie, General Credit Manager, N. McBeth, Vice President — Finance, and Secretary Treasurer.



This equipment is also utilized as input source for accounts receivable data and management report information, which having been processed in London is returned to the dealer in the form of printed material ready for distribution or analysis. Tedious year end inventory procedures are particularly adaptable to processing by this means, with great savings in time for the dealer, and improved accuracy.

The Company's objective is to provide dealers with better reports at lower cost, and to help the dealer improve turnover of assets. In ensuing years new developments in data transmitting devices undoubtedly will result in better management information reports for the stores. At the moment we are in the forefront of this activity.

The Quest For Increasing Productivity in Distribution

Howden has created a Vertical Marketing System which rationalizes the supply process starting with the dealer (who operates to a model inventory or basic stock) back through the distribution centre (which also operates to a model stock) to the supplier. Such a system tends to eliminate duplications and irrelevant services, hence lowers distribution cost. In this way competitive prices can be profitably maintained and growth accelerated.

Basic to the success of the Company's marketing systems is the technology of its physical distribution systems. In 1961 the Company constructed a 90,000 sq. ft. distribution centre in London and commenced to use modern materials handling methods. In 1970 after disposing of obsolete warehouse facilities in Toronto, the Company expanded its London centre by a further 65,000 sq. ft. and there consolidated all hardware distribution. The move reduced operating costs, improved employee productivity and permitted further sales expansion.

During 1974 the Company completed a further 30,000 sq. ft. expansion. At the same time it redesigned its order production system and expanded its shipping facilities. Three separate, yet integrated, systems of moving materials are the result. In the basic unit, in-bound and completed out-bound orders are transported on warehouse flat trucks on a Towveyor system . . . a continuous loop of chain running on floor-installed channel which moves specially designed flat trucks along its path. The trucks, moving to pre-designed locations in the distribution centre by means of a coding system, handle the bulk of incoming merchandise.

The second system is a roller conveyor which accommodates the order filling function in the repackaging area. It feeds directly into the Towveyor system. Bin sizes and surplus stock areas have been enlarged, permitting faster and more accurate filling in this exceedingly busy and detailed area.

The third system improves the "picking" function in the "case goods" or palletized zones. Operator-driven mechanical picking equipment processes bulk materials up to heights of 18 feet. The units are guided down the aisle by a track on either side, selecting at desired levels. It too feeds the Towveyor system which in turn delivers the completed order to the shipping assembly area. The benefits of all three systems reside in increased speed, reduced cost and improved productivity.

Sales forecasts have established the need of a further 50,000 sq. ft. of warehouse space for seasonal and promotional merchandise, and for expanded shipping. Following a successful rezoning application which permits further building expansion at Southdale Road, we began the construction of a new addition in October. The building is scheduled for completion during the first half of the year.

As the volume of business grows, we look to continued advances in mechanical handling equipment, and in automated techniques to provide increasing productivity. Such technical devices as MSI and Microfiche are but in their beginning stages as yet, but they are already providing improved services to the retailer at reduced cost. By these and other means, we propose to enjoy fuller concentration within our present base trading area, and such expansion geographically as may be economic and feasible.

a) Left to Right: M. C. Humphrey, Vice President — Distribution. M. C. Tucker, Director of Operations.

b) Over 20,000 items in the Howden Catalogue are now contained on 14 microfiche films. Over 500 microfiche viewers are now in our dealer stores.

Left to Right: K. G. Allaster, C. A., Vice President — Controller. G. E. McGregor, Marketing Manager — Retail Data Systems.



Financial review

Traditionally the Company has followed conservative financial policies. One result is a basically sound balance sheet, which over the last five years has gathered financial strength consistently.

Profits and Equity

Record profits (\$781,995) again were earned in 1974, maintaining the five year upward trend, and up 25% from 1973. The addition of \$648,502 to retained earnings now places that account at \$3,662,412. The effect of the surtax levied in 1974 was approximately 10 cents per share.

Earnings per common share were \$1.44 in 1974 as compared to \$1.21 for 1973. The 1974 figures take into account the issue of 50,000 Common shares from Treasury in June 1974.

During 1974 dividends of \$105,000 were paid to the Company's Common shareholders, and \$28,493 to Preferred shareholders. The annual dividend rate on the Common shares was 20 cents.

Company return on net worth of 20.51% again is a record for the Company maintaining the rising trend since 1970.

Shareholders' equity now stands at \$4,819,162, up \$1,006,602 from last year and representing 36.7% of total net assets, and 58.0% of total liabilities. Both ratios emphasize the Howden strategy of high asset turnover and leverage to optimise profit and return on net worth.

Cash and Working Capital Position

Ratio of current assets to current liabilities was 2.26:1 at year end.

Substantial sales growth in 1974 (plus 32%) naturally placed a strain on the Company's requirements for cash. Record profits relieved some pressure, as did the issue from Treasury of 50,000 shares of Common stock at \$6.61 per share (book value) yielding

\$330,500. Liquidation at par of the Toronto property mortgage receivable was also of assistance.

Short term bank borrowing to a maximum of \$3,500,000 supplied the balance of operating funds required. In the latter part of the year, in order to set up a stable base for continued sales growth in 1975, a debenture constituting a first charge on the Company's assets was issued to the Bank of Montreal for \$2,000,000, repayable over seven years with payments of principal commencing in 1976. Rate of interest is 1-1/2% over prime.

At year end short term bank borrowing had been reduced to \$1,562,800, down \$528,506 from last year.

Net working capital at year end stood at a record \$6,959,009. The increase of \$2,816,883 from the year previous reflects mainly retained earnings and the \$2,000,000 debenture issue.

In the light of present sales budget forecasts, working capital requirements during 1975 will necessitate modest increases in limits of short term borrowing.

Inventories and receivables reached record heights both during the year and at year end. Turnover of receivables however improved by two days during the year. Inventories on the other hand have remained excessive in certain areas, due essentially to unpredictability with suppliers, and lack of balance in lines supplied. To improve inventory turnover and service level is a major objective for 1975.

Long Term Obligations

Normal redemption of the Company's 6% debenture proceeded during the year as prescribed by the Sinking fund requirement which calls for a contribution equal to 10% of after tax profits. Total long term debt at year end was \$2,785,200, which created a bond ratio of 37% (bond debt to total

capitalization, inclusive of bond debt). The ratio of long term debt to tangible net assets at year end however was a conservative 21.8%. The issue of the Bank of Montreal debenture adds again to the highly leveraged position of the Company's Common stock.

Capital Expenditures

The financing of the two building additions (30,000 and 50,000 sq. ft.) has been arranged through a leaseback with the lessors of the main Southdale facility - the North American Life Assurance Company.

New warehouse equipment and leasehold improvements to a value of \$350,000 were added during the year. These consist mainly of shelving and automated equipment associated with the newly acquired warehouse space.

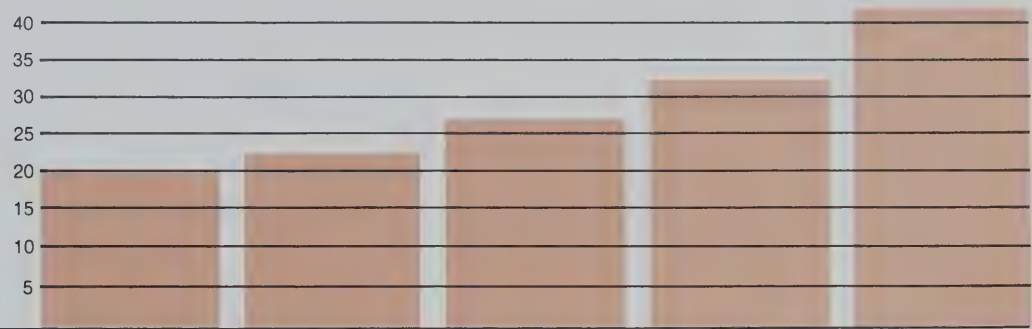
Financial Controls and the Future

Over the years the Company has developed a system of financial controls which has served it well. However in present day economic circumstances, and under conditions of substantial growth, these controls must be periodically re-examined and strengthened. More accurate control of inventories with higher turnover in all Divisions, for example, is essential to accommodate growth planned for 1975. MHDS systems are proving invaluable in this and similar endeavors.

Concurrent with the implementation of these MHDS systems, refinement of cash controls applicable to the Company's various Divisions and corporate members is evolving. This in effect provides for each Division or operating unit, a line of credit, similar to that which a banker might set for an independent company. The purpose is to encourage and measure more accurately the profitability of each major sub-operation within the Company, with the ultimate intent of concentrating Company effort and resources on those areas which are essentially profitable.

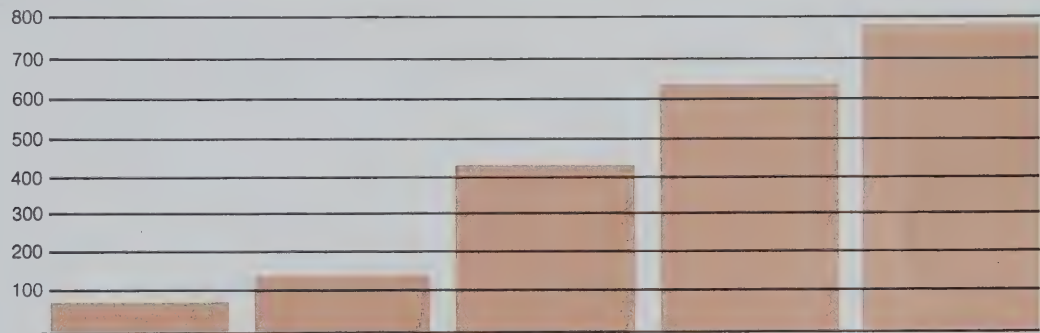
Gross Sales

Millions of Dollars



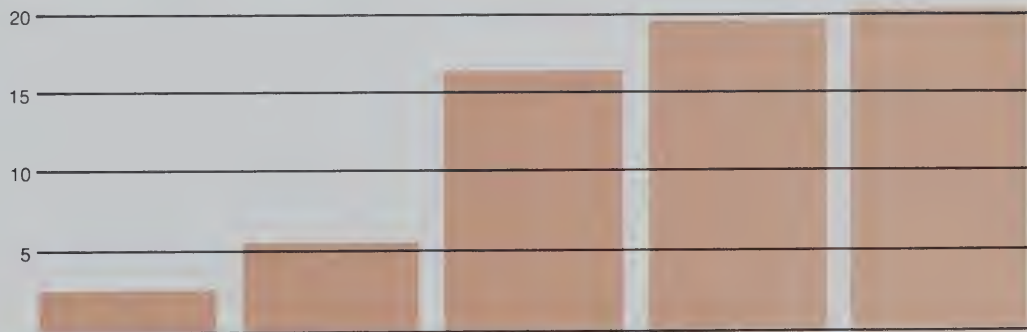
Net Income

Thousands of Dollars



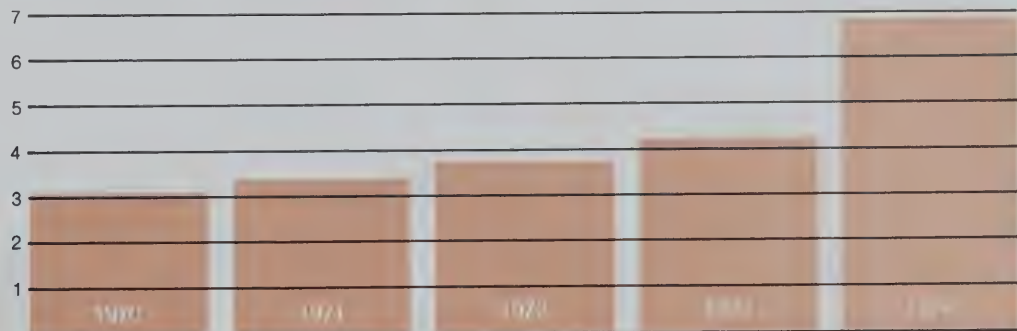
Return on Net Worth

Percent



Working Capital

Millions of Dollars



Consolidated Balance Sheet as at December 31, 1974

(with comparative figures as at December 31, 1973)

ASSETS

	1974	1973
Current		
Cash	\$ 55,085	\$ 25,000
Accounts receivable, less allowance for doubtful accounts of \$210,833 in 1974 and \$271,278 in 1973	6,267,714	5,112,091
Current portion of mortgage and debenture receivable	23,048	11,275
Inventories — at the lower of cost and net realizable value	5,949,297	7,100,002
Prepaid expense	60,116	38,174
Building under construction (note 3)	123,840	19,000
	<u>12,479,100</u>	<u>11,113,160</u>
 Property, plant, equipment and leasehold improvements — at cost	 757,237	 688,091
Less accumulated depreciation and amortization	401,787	328,982
	<u>355,450</u>	<u>359,109</u>
 Computer Horizons (Canada) Limited (note 4)	 <u>226,907</u>	 <u>35,010</u>
 Other		
Cash surrender value of life insurance	19,815	18,865
Equity in unconsolidated subsidiaries (note 2)	5,730	2,770
Mortgage and debentures receivable	32,951	215,988
Deferred income taxes (note 5)	4,500	4,000
	<u>62,996</u>	<u>241,623</u>
	<u>\$13,124,453</u>	<u>\$9,683,542</u>

On behalf of the Board

Director D.H.M. STEWART

Director N. McBETH

LIABILITIES

	1974	1973
Current		
Bank indebtedness - secured	\$ 1,562,800	\$ 1,000,000
Accounts payable	3,222,599	3,100,000
Accrued liabilities	391,291	200,000
Current portion of long-term debt	86,013	75,000
Income taxes payable	257,388	75,000
	<u>5,520,091</u>	<u>5,050,000</u>
Long-term debt (note 8)	<u>2,785,200</u>	<u>3,000,000</u>

SHAREHOLDERS' EQUITY

Capital stock (note 9)

5½% cumulative redeemable participating sinking fund first preference shares of \$50 par value each		
Authorized and issued		
1974 - 3,575 shares; 1973 - 3,833 shares	178,750	191,650
3% non-cumulative redeemable second preference shares		
Authorized shares of \$1 par value each		
1974 - 1,281,000 shares; 1973 - 1,314,500 shares		
Issued		
1974 - 357,000 shares; 1973 - 316,500 shares	357,000	316,500
Common shares		
Authorized - 1,000,000 shares without par value		
Issued		
1974 - 550,000 shares; 1973 - 500,000	621,000	500,000
Retained earnings	<u>3,662,412</u>	<u>2,000,000</u>
	<u>4,819,162</u>	<u>2,816,500</u>
	<u>\$13,124,453</u>	<u>\$10,683,500</u>

Consolidated Statement of Changes in Financial Position for the Year Ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
SOURCE OF FUNDS		
Funds provided from operations		
Income before extraordinary item	\$ 781,995	604,200
Non-fund items		
Depreciation and amortization	81,011	41,144
Deferred income taxes	(500)	—
Loss on disposal of property, plant and equipment	7,231	1,000
Share of net (income) loss of Computer Horizons (Canada) Limited	(16,005)	23,327
	853,732	669,671
Reduction of mortgage and debenture receivable	183,047	42,917
Gain on sale of shares of Wiseway of Canada Limited	—	12,000
Disposal of property, plant and equipment	9,330	14,079
Long-term bank loan	2,000,000	—
Second preference shares issued	74,000	14,000
Common shares issued	330,500	—
	<u>3,450,609</u>	<u>740,667</u>
APPLICATION OF FUNDS		
Equipment and leasehold improvements	243,883	121,414
Cash surrender value of insurance	950	—
Investment in unconsolidated subsidiaries	2,960	—
Advances to Computer Horizons (Canada) Limited	115,892	137,254
Long-term debt	90,148	143,167
Reduction of first preference shares	12,900	21,261
Redemption of second preference shares	33,500	21,000
Dividends	133,493	23,251
	<u>633,726</u>	<u>447,087</u>
Increase in working capital	\$ 2,816,883	\$ 293,580

Consolidated Statement of Retained Earnings for the Year Ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
Retained earnings, beginning of year	\$3,013,910	\$2,547,344
Net income for the year	781,995	808,000
	<u>3,795,905</u>	<u>3,355,344</u>
Dividends		
First preference shares	17,753	17,753
Second preference shares	10,740	10,740
Common shares	105,000	105,000
	<u>133,493</u>	<u>133,493</u>
Retained earnings, end of year	<u>\$3,662,412</u>	<u>\$3,221,851</u>

Consolidated Statement of Income for the Year Ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
Gross sales	\$42,766,017	\$41,549,000
Less sales tax	<u>3,128,420</u>	<u>2,947,340</u>
	39,637,597	38,601,660
Cost of sales and operating expenses other than items noted below	37,507,770	36,440,000
Interest (note 11)	420,326	350,000
Depreciation and amortization	<u>81,011</u>	<u>70,000</u>
	38,009,107	36,860,000
Operating profit	1,628,490	1,741,660
Share of net income (loss) of Computer Horizons (Canada) Limited	<u>16,005</u>	<u>1,725,660</u>
	1,644,495	1,737,320
Income before income taxes and extraordinary item	1,644,495	1,737,320
Income taxes	<u>862,500</u>	<u>950,000</u>
Income before extraordinary item	781,995	787,320
Extraordinary item	—	—
Net income for the year	<u>\$ 781,995</u>	<u>\$ 787,320</u>
Earnings per common share:	\$1.44	\$1.44
Before extraordinary item	—	—
Extraordinary item	<u>\$1.44</u>	<u>\$1.44</u>

Notes to Consolidated Financial Statements for the Year Ended December 31, 1974

1. Summary of Accounting Policies**Depreciation and amortization**

D. H. Howden & Co. Limited and subsidiary companies depreciate plant and equipment and amortize leasehold improvements in accordance with the rates allowable for income tax purposes.

2. Principles of Consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Howden-Howland Limited, Cowan Hardware (1968) Limited and D. H. Howden Stores (Central) Limited.

The equity of D. H. Howden & Co. Limited in unconsolidated subsidiaries consists of the company's investment in Pro Hardware (Canada) Limited and in Span-Canada Electric Limited. Although these two companies are technically subsidiaries of D. H. Howden & Co. Limited through ownership of voting control, in substance they represent corporate joint ventures on the part of a number of non-competing wholesalers who participate in an integrated merchandising programme and volume purchasing. It was considered inappropriate to consolidate the assets and liabilities of these companies since they consist primarily of amounts due from unrelated companies to these subsidiaries on their behalf. All the expenses of these companies and volume discounts derived from their operations are apportioned to participating member companies. The share of D. H. Howden & Co. Limited in these expenses and volume discounts is reflected in the accompanying financial statements.

3. Warehouse Expansion**(a) BUILDING**

The company has contracted at a cost of approximately \$570,000 for the construction

of an addition to the premises rented from North American Life Assurance Company. Upon completion in 1975, the addition will be sold to North American Life Assurance Company under a sale and lease back agreement.

(b) EQUIPMENT

The company is contractually committed at a cost of approximately \$66,000 for purchase of equipment in 1975 for the warehouse expansion.

4. Computer Horizons (Canada) Limited

	1974	1973
Advances of working capital	\$ 336,052	\$ 110,145
Deduct: Share of deficit - 50%	(110,145)	(110,145)
	<u>225,907</u>	<u>0</u>
Investment - 20,000 common shares of no par value	1,000	1,000
Excess of investment and advances over share of deficit	\$ 226,907	\$ 1,000
Contingent liability re guarantee of bank loan	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Computer Horizons (Canada) Limited is a company jointly owned with Management Horizons Data System Inc. of Columbus, Ohio. The company earned a net profit of \$32,010 for the year ended December 31, 1974, and has an accumulated deficit of \$220,290 as at that date. D. H. Howden & Co. Limited's share of the accumulated deficit amounting to \$110,145 has been reflected in these accounts.

According to the joint venture agreement, D. H. Howden & Co. Limited is responsible for financing the balance of the deficit of Computer Horizons (Canada) Limited amounting to \$110,145, of which the full amount has been advanced. D. H. Howden & Co. Limited has advanced an additional \$115,892 in working capital on a current accounts receivable basis. Under the foregoing provision any earnings of the

company must first be applied to repayment of advances from and obligations guaranteed by D. H. Howden & Co. Limited.

5. Deferred Income Taxes

Deferred income taxes arise only on consolidation because the elimination of inter-company profits in inventories results in a decrease in consolidated net income to date and a consequent reduction in consolidated income taxes payable.

6. Lease Obligations

Rentals payable for warehouse and retail premises under leases expiring more than three years from December 31, 1974 approximate \$177,000 annually. Such leases expire at varying dates before the year 2000.

7. Contingent Liabilities

The company is contingently liable in the amount of \$379,575 for the guarantee of bank loans and conditional sales contracts, inclusive of the bank loan of Computer Horizons (Canada) Limited.

8. Long-term Debt

	1974	1973
Cowan Hardware (1968) Limited 8% first mortgage debenture repayable in monthly instalments of \$1,923 blended principal and interest, maturing October 1, 1976	\$ 38,113	\$ 38,113
D. H. Howden & Co. Limited Bank loan secured by a floating charge debenture maturing May 15, 1981, bearing interest at a rate 1 1/2 % over prime	2,000,000	2,000,000
6% floating charge sinking fund debentures maturing May 1, 1989	833,100	833,100
	<u>2,871,213</u>	<u>2,871,213</u>
Less portion due within one year	86,013	86,013
	<u>\$2,785,200</u>	<u>\$2,785,200</u>

Auditors' report

Under the terms of the Trust Indenture dated May 1, 1969 relating to the 6% sinking fund debentures, the company is required to pay to the trustee, for sinking fund purposes by May 1 each year, a sum equal to 10% of the company's net income before extraordinary items and excluding that of subsidiary companies.

9. Capital Stock

FIRST PREFERENCE SHARES

The provisions relating to the payments of dividends confer upon the holders of first preference shares a right to participate in dividends on an equal basis with the common shareholders up to a maximum of \$2 per share, after a dividend of \$.06 has been declared on each common share in any calendar year.

The shares are redeemable, at the option of the company upon thirty days notice, at a premium of \$1.50 plus any unpaid cumulative dividends.

Under the sinking fund provisions attaching to the shares, 258 shares were purchased for cancellation during the year at a cost of \$11,223.

SECOND PREFERENCE SHARES

During the year 74,000 second preference shares were issued for cash and 33,500 shares were redeemed at par value.

COMMON SHARES

During the year 50,000 common shares were issued for a cash consideration of \$330,500.

10. Remuneration of Directors and Senior Officers

The aggregate direct remuneration for the year of the directors and senior officers amounted to \$278,350 of which \$248,350 was paid by the company and its consolidated subsidiaries and \$30,000 was paid by unconsolidated subsidiaries.

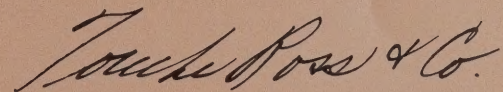
11. Interest on Long-term Debt

Interest on long-term debt amounted to \$114,477 in 1974 (1973-\$60,083).

The Shareholders,
D. H. Howden & Co. Limited.

We have examined the consolidated balance sheet of D. H. Howden & Co. Limited and its subsidiaries as at December 31, 1974 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

LONDON, Ontario,
January 31, 1975.

Five year review

	1974	1973	1972	1971 (Restated)	1970 (Restated)
Operating Results					
Gross Sales	\$42,766,017	\$32,476,731	\$27,794,722	\$22,045,644	\$20,118,085
Income before income taxes and extraordinary item	1,644,495	1,296,869	875,375	399,964	182,518
Income taxes	862,500	670,000	444,000	258,800	115,600
Income before extraordinary item	781,995	626,869	431,375	141,164	66,918
Extraordinary item	—	10,000	134,824	—	—
Net Income	781,995	636,869	566,199	141,164	66,918
Retained earnings	3,662,412	3,013,910	2,397,394	1,852,261	1,732,001
Financial Position					
Accounts receivable (net)	6,267,714	5,182,223	4,940,433	3,695,805	3,089,443
Inventories	5,949,297	3,780,499	3,331,779	2,651,372	2,592,864
Total current liabilities	5,520,091	4,995,634	4,662,107	3,227,627	2,906,757
Working capital	6,959,009	4,142,126	3,737,735	3,241,458	3,081,534
Long-term debt	2,785,200	875,348	991,109	1,072,856	1,093,241
Shareholders' equity	4,819,162	3,812,560	3,204,894	2,655,811	2,535,551
Return on Net Worth *(January 1)	20.51	19.89%	16.22%	5.58%	2.66%
*Before extraordinary gain					
Per Common Share					
Earnings before extraordinary item	1.44	1.21	0.82	0.24	0.09
Net earnings	1.44	1.23	1.09	0.24	0.09
Shareholders' equity	7.79	6.61	5.38	4.29	4.05

Left to Right: N. McBeth, Vice-President — Finance, and Secretary Treasurer. J. W. Adams, F.C.A., Executive Vice President, Treasurer and Director, Emco Limited, Director, Sifton Properties Limited. J. D. Harrison, M.B.E., Q.C. Partner, Harrison, Elwood, Barristers and Solicitors. D.H.M. Stewart, President and Chairman of the Board. D.R. Hughes, President, Span-canada Electric Limited.

Not Present: R.W. Robertson, Executive, Midland Doherty Limited. J.H. Unger, Director, Metropolitan Stores of Canada Limited.



Directors and Officers

Directors of the Board

DAVID H.M. STEWART
Chairman
President, Pro Hardware (Canada) Limited

JOHN W. ADAMS, F.C.A.
Executive Vice President, Treasurer
and Director, Emco Limited
Director, Sifton Properties Limited

JOHN D. HARRISON, M.B.E., Q.C.
Partner, Harrison, Elwood
Barristers and Solicitors

DONALD R. HUGHES
President, Span-Canada Electric Limited

NORMAN MCBETH
Vice President - Finance, and Secretary
Treasurer

ROY W. ROBERTSON
Executive, Midland Doherty Limited

JOSEPH H. UNGER
Director, Metropolitan Stores of Canada
Limited

Officers

D.H.M. STEWART
President and Chairman of the Board

N. MCBETH
Vice President - Finance, and Secretary
Treasurer

K.G. ALLASTER, C.A.
Vice President - Controller

W.J. TARVIT
Vice President of Marketing - Hardware
Division

F.P. FORAN
Vice President of Marketing - Building Supply
Division

C.W.K. LEROY
Vice President of Marketing - Electrical
Supply Division

M.C. HUMPHREY
Vice President - Distribution

